

South Carolina Securities Division

Form ADV, Part 2

On July 28, 2010, the Securities and Exchange Commission released a revised Form ADV [SEC Release No. IA-3060; File No. S7-10-00]. The release primarily adopted amendments to Part 2 of Form ADV, effective October 12, 2010.

The amendment is changing the format of Part 2 from a check-the-box form to a narrative brochure written in plain English. The change is designed to provide prospective clients and current clients with clearly written, meaningful, current disclosure of the business practices, conflicts of interest, and background of the investment adviser and its advisory representative.

The new Part 2 of Form ADV consists of three parts: Part 2A, Firm Brochure; Part 2A Appendix 1, Wrap Fee Program Brochure; and Part 2B, Brochure Supplement. Every investment adviser's new Part 2 will consist of at least Part 2A, Firm Brochure, and Part 2B, Brochure Supplement. Only investment advisers who provide wrap fee programs are required to submit the Part 2A Appendix 1, Wrap Fee Program Brochure.

The Securities Division is using the new Part 2, as follows:

- Between October 12, 2010, and January 1, 2011, applicants and current licensed investment advisers filing amendments to their Part II of Form ADV may use either the current Part II or the new Part 2.
- As of January 1, 2011, all new investment adviser applicants will have to file the new Part 2 of Form ADV as part of their application.
- As of January 1, 2011, all licensed investment advisers will need to incorporate the new Part 2 of Form ADV with their next filing of an amendment to Form ADV, or their annual updating amendment to Form ADV.

The Securities Division recommends that all investment advisers become familiar with the new Part 2 of Form ADV as soon as possible. Please note that all investment advisers are requested to file their annual updating amendment to Form ADV (Parts 1 and 2) within 90 days after their fiscal year-end. For those advisers with a December 31, 2010 year-end, the deadline for the annual updating

amendment will be March 31, 2011. Investment advisers should follow the instructions to the new Form ADV for delivery and distribution requirements for prospective and current clients.

The North American Securities Administrators Association (NASAA) has a Guide for Electronic Filing of the ADV Part 2, which also includes the new Part 2 with the instructions, on their website at

http://www.nasaa.org/industry_regulatory_resources/13396.cfm If you are experiencing problems uploading Part 2, please contact the IARD Help Line at (240) 386-4848.

Should you have any questions, please call (803) 734-9916. Please continue to review the Division's website for any further developments.